

Message Text

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PAGE 01 NEW DE 05825 230846Z
ACTION NEA-10

INFO OCT-01 ISO-00 AGRE-00 STR-04 EUR-12 AID-05
CIAE-00 COME-00 EB-08 FRB-03 INR-07 NSAE-00
USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04
SIL-01 OMB-01 PA-01 PRS-01 L-03 H-01 ITC-01 /076 W
-----230854Z 092942 /16

P 230643Z APR 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC PRIORITY 2899
INFO AMCONSUL CALCUTTA
AMCONSUL MADRAS
AMEMBASSY COLOMBO

LIMITED OFFICIAL USE NEW DELHI 5825

E.O. 11652: NA
TAGS: ETRD EPAP US IN
SUBJECT: TEA: US IMPORTERS REQUEST RELIEF FROM INDIAN
EXPORT DUTY

REF: (A) STATE 086512, (B) CALCUTTA 0944

1. ECON COUNSELOR AND EMBOFF CALLED ON MINCOMMERCE ADDITIONAL SECRETARY P.K. KAUL MAY 21 TO DISCUSS RECENT IMPOSITION OF EXPORT DUTY AND TO URGE FAVORABLE CONSIDERATION OF US TEA ASSOCIATION'S REQUEST FOR RELIEF FROM ITS RETROACTIVE EFFECT. KAUL, WHILE FRIENDLY IN MANNER, WAS UNSYMPATHETIC WITH TRADERS' PROBLEMS AND INDICATED MATTER WAS CLOSED.

2. KAUL BEGAN BY NOTING THAT TEA TRADE HAD BEEN EXPECTING IMPOSITION OF EXPORT DUTY SINCE EARLY MARCH. GOVERNMENT WOULD HAVE ACTED AT THAT TIME, HE SAID, EXCEPT FOR PROSPECT OF NATIONAL ELECTIONS LATER IN MONTH. IMPORT OF HIS REMARKS WAS THAT FOREIGN TEA BUTERS HAD BEEN BUTYING AHEAD IN ORDER TO AVOID DUTY AND NOW WERE COUGHT WITH SOME OF THOSE PURCHASES STILL
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IN COUNTRY. KAUL ALSO SAID TRADERS WOULD RENEGOTIATE CONTRACTS IN ORDER TO SHIFT SOME OF THE LOSS TO OTHERS.

3. HE HAD ON APRIL 20 SENT THE MINISTRY'S REPLY TO THE TAUS MESSAGE OF APRIL 13. ACCORDING TO KAUL, NO OTHER NATIONAL TEA ASSOCIATIONS OR GOVERNMENTS HAD APPROACHED THE GOI ON THIS ISSUE.

4. KAUL WAS CLEARLY PLEASED WITH THE SUCCESS OF THE EXPORT DUTY AND THE ELIMINATION OF EXPORT REBATE. NOT ONLY HAD THE PRICE OF TEA COME DOWN IN THE DOMESTIC MARKET, BUT IS HAS ALSO DROPPED IN THE LONDON AUCTION. HE WAS NOT CLEAR AS THO HOW GOI ACTIONS HAD RESULTED IN A LOWERING OF THE LONDON PRICE, OTHER THAN TO DESCRIBE THE RECENT "PRICE WAR" BETWEEN TWO OF THE FIVE BUYERS ON THE LONDON MARKET. THIS THE GOI FELT, HAD FUELED A SPECULATIVE RUN UP IN PRICES WHICH NOW SHOWED SOME SIGN OF ABATING.

5. KAUL WAS UNWILLING TO COMMENT ON THE QUESTION OF PROSPECTS FOR CONTINUED AVAILABILITY OF INDIAN TEA FOR EXPORTS. HE MERELY WMPHASIZED THAT THE TOTAL TEA HARVEST THIS YEAR WOULD ONCE AGAIN BE LARGER THAN LAST YEAR'S.
SCHNEIDER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, CUSTOMS DUTIES, TEA
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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